

## Message Text

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ORIGIN EB-11

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R 132124Z MAY 74

FM SECSTATE WASHDC

TO AMCONSUL RIO DE JANEIRO

INFO AMEMBASSY BRASILIA

AMCONSUL SAO PAULO

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E.O. 11652: N/A

TAGS: EIND, ETRD

REF : RIO DE JANEIRO 1627

SUBJECT: US FERROUS SCRAP EXPORTS

1. RE QUESTIONS RAISED BY LOCAL REP OF HYMAN-MICHAELS (HM) AND SCHIAVONE-BONOMO (SB) CONCERNING US FERROUS SCRAP EXPORT CONTROLS, HE CORRECT THAT PRE-JULY 1, 1973 SCRAP EXPORT CONTRACTS PROVIDING FOR TOTAL OR PARTIAL SHIPMENT FROM US DURING JULY-DECEMBER 1973 WERE ELIGIBLE FOR EXPORT LICENSING (OF THOSE AMOUNTS SCHEDULED FOR JULY-DECEMBER SHIPMENT) UNDER 1973 CONTROL PROGRAM. HOWEVER, EXPORT ADMINISTRATION BULLETIN 105 OF NOV. 30, 1973, DETAILING EXPORT LICENSING SYSTEM FOR FIRST QUARTER 1974, ANNOUNCED THAT "PRESENT CONTRACT METHOD OF LICENSING FERROUS SCRAP EXPORTS SHALL BE SUPERSEDED BY QUOTAS ESTABLISHED ON A PER COUNTRY BASIS." UNDER CURRENT LICENSING SYSTEM, EXISTENCE OF UNFILLED PRE-JULY 1, 1973 CONTRACTS IRRELEVANT IN DETERMINING ELIGIBILITY OF US EXPORTER TO SHARE IN INDIVIDUAL COUNTRY QUOTAS (EXCEPT IN THAT PRE-JULY 1, 1973 EXPORTS UNDER SUCH CONTRACT WOULD BE INCLUDED IN EXPORTER'S

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BASE PERIOD EXPORTS FOR PURPOSE OF DETERMINING HIS SHARE OF

QUOTA). DETERMINING FACTOR IS US EXPORTER'S EXPORTS TO GIVEN COUNTRY DURING JULY 1970-JUNE 1973 BASE PERIOD, WITH EXPORTER RECEIVING PRO-RATA SHARE OF COUNTRY QUOTA (E.G., IF GIVEN EXPORTER'S BASE PERIOD EXPORTS TO BRAZIL REPRESENTED 30 PERCENT OF TOTAL US BASE PERIOD SCRAP EXPORTS TO BRAZIL, THAT EXPORTER RECEIVES 30 PERCENT OF BRAZILIAN QUOTA).

2. DATA FILED WITH COMMERCE BY EXPORTERS TO DETERMINE INDIVIDUAL EXPORTER SHARES IN BRAZILIAN QUOTA SHOW HM SCRAP EXPORTS TO BRAZIL TOTALING 36,859 SHORT TONS IN 1972 (18,474 ST IN AUGUST, AND 18,385 ST IN DECEMBER 1972). SB DID NOT RPT NOT FILE ANY PARTICIPATION STATEMENT FOR BRAZIL, AND THUS HAS NO RPT NO SHARE IN BRAZILIAN QUOTA. (APPEARS FROM FOREGOING THAT WHILE BOTH COMPANIES MAY HAVE PARTICIPATED IN THIS CONTRACT, HM IS SHOWN AS EXPORTER OF RECORD ON CUSTOMS EXPORT DECLARATIONS COVERING THESE SHIPMENTS, AND THUS FILED PARTICIPATION STATEMENT WITH COMMERCE).

3. FACT THAT FACTORS BEYOND EXPORTER'S CONTROL PREVENTED SHIPMENT OR FILLING OF PRE-JULY 1, 1973 CONTRACT HAS NO BEARING IN DETERMINING ELIGIBILITY TO EXPORT UNDER 1974 PROGRAM (EXCEPT IN THAT PRE-JULY 1, 1973 SHIPMENTS INCLUDED IN CALCULATION OF EXPORTER'S BASE PERIOD EXPORTS). HOWEVER, THERE NOTHING TO PREVENT HM FROM USING ALL OR PART OF ITS SHARE OF BRAZILIAN QUOTA TO SHIP AGAINST 1972 CONTRACT REFERRED TO IN REFTEL. COMMERCE RECORDS SHOW THAT HM HAS 2,868 ST OF BRAZILIAN QUOTA IN FIRST QUARTER 1974, AND 3,575 ST IN SECOND QUARTER, ALL OF WHICH HM HAS ALREADY LICENSED FOR EXPORT (DIFFERENCES IN HM'S FIRST AND SECOND QUARTER SHARES OF BRAZILIAN QUOTA PROBABLY DUE TO RE-AUDITS OF EXPORTER PARTICIPATION RECORDS). RUSH

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## Message Attributes

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**Disposition Approved on Date:**  
**Disposition Authority:** GarlanWA  
**Disposition Case Number:** n/a  
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**Disposition Date:** 28 MAY 2004  
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